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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Patentee: Benigno G. Perez

Patent No.: 6,974,616

Serial No.: 10/790555

Patent Date: 2005-12-13

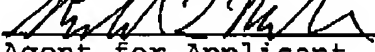
Filing Date: 2004-03-01

Agent's Doc. No.: PERB27X

Invention Title: THERMOGLUE BINDING TAPE TO PROTECT AND DECORATE
CARPET'S EDGES AND BORDERS WITH A FUSE SYSTEM

As article No.: EL58686|_|_|_|US EXPRESS MAIL I hereby certify,
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Date: MAY 6, 2006

SUBJECT MATTER THAT MAY BE DEEMED MATERIAL TO PATENTABILITY
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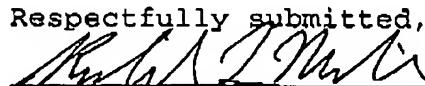
Sir:

On March 24, 2006, Benigano G. Perez ("Perez"), a
client of mine and Patentee of U.S. Patent Number 6,974,616 B2,
faxed me the attached e-mail from Jeffrey H. Greger to Ben
Boatwright, subject INSTABIND, and dated March 22, ("e-mail"),
which I have reviewed with much interest.

Upon my request, on April 4, 2006, I met with Perez in
my office to discuss the e-mail in greater detail. I advised him
that the contents of the e-mail may contain subject matter that
may be deemed material to patentability by a trier of fact. And,
as such, I further advised Perez that it is my obligation to
forward a copy of the e-mail directly to the Patent Office for
their evaluation.

Thus, attached is the e-mail for your evaluation.

Richard L. Miller
12 Parkside Drive
Dix Hills, N.Y. 11746-4879
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Respectfully submitted,

Agent for Applicant

N:\WP51\PATCOM\RULE156BP.KP

Date: April 17, 2006

PERFZ FAX

Page 1 of 2

Dave Schaible

From: "Ben Boatwright" <ben@instabind.com>
To: <daves@bondproducts.com>
Sent: Wednesday, March 22, 2006 8:29 PM
Subject: Fwd: INSTABIND

Regards,

Ben Boatwright
 CEO/ Instabind LLC
 866-467-8224
 Murfreesboro TN
 USA
 Time zone: Central

— Original Message —

From: 'Jeffrey H. Greger' <jhgreger@IPFirm.com>
To: <ben@instabind.com>,
 <kellyflooring@centurytel.net>,
 <Brianm@bondproducts.com>
Sent: Wed Mar 22 18:17
Subject: Fwd: INSTABIND

Gentlemen, I don't have Dave's email handy, please forward a copy of this to David.

Please note this communication is legally privileged and is attorney client work product and could be strategy in anticipation of legal action. If you do not want to maintain the secrecy of this communication please return it without reading it and notify me that you are deleting the communication.

I just received the copies of the Perez patent documents from the US Patent Office. Mr. Perez did file in Peru back in August of 2002 which was subsequent in time to Ben and Kelly's filing date in June of 2002. I have only had time to take a cursory review of the Spanish documentation and the corresponding US translations and later filings. Perez's initial invention is clearly focused on an iron and application of pre-made binding using an adhesive to be melted by the iron. The initial filing documents do however include one embodiment which is arguably similar to the INSTABIND invention to the extent it describes a wetting attached to a flange and apparently to be preapplied with adhesive and attached with an iron. The initial paperwork is very unclear and not specific and clearly, Perez used the actual Instabind product to perfect his product and technique which never

mentioned anything about the method disclosed by INSTABIND, namely, the use of a preapplied double face tape for a temporary hold and next a permanent bond using thermoplastic or other adhesive to close the welt and edge of the carpet with a bond and blind by hand application or hot-melt gun or other method.

What I can tell from the documents is as follows. Perez filed his document in Peru in August of 2002. In August of 2003 he filed in the United States and attached the Instabind card brochure showing the finished products and color chart but did not inclose or inform the patent office of the instabind method or patent pending status. Further Perez had his attorney attach the Multy-edge product literature to the filing and stated that his product was different than the INSTABIND and Multy-edge. What is very interesting is the PTO refused his initial application based on prior patents which I need to review in more detail. To keep the Perez patent application alive Perez filed a continuation patent application in 2004. What is surprising is his attorney adds a drawing which is clearly a cross section showing the INSTABIND product. This drawing now appears on the face of the issued patent and is captioned drawing number 6 in his patent. This drawing is nowhere to be found in the Perez initial Peruvian patent application. His attorney copied it from Instabind for sure.

What is even better is the Patent Office Examiner stated in his Allowance of the Perez application for patent that the sole reason for allowing the patent was that the product as shown in picture number 6 (the Instabind product) was the only new and novel matter and on that basis he was going to allow the patent application to mature to a patent. UREKA, we were right all along. Instabind, as we knew is the true invention here. I question whether Perez's wide picture binding method is even protectable.

Anyway, where does this leave us. Facing some significant effort and filings with the PTO perhaps. I need to strategize with Mr. Albright. We are on solid ground as best I can tell from the limited review of the papers so far. We appear to have the clear earlier filing date and better and clear disclosure. To the extent Perez came close he may have thought up a pre-applied gluing method combining an iron and welt attached to a flange similar to Instabind but clearly after the time Ben and Kelly filed with the USPTO. There is a possibility the parties could argue over who invented it first in an expensive interference proceeding with the USPTO patent board of interference but we don't want to go there if we don't have to. We could use a typically expensive interference to our advantage if Mr. Albright agrees to move forward without pay and on contingency based on agreement. I would prefer to mature our pending application to a patent with the best and broadest claims Mr. Albright determines is feasible under the circumstances. It may behoove us to not inform Perez at all of our pending patent and lay low until our patent issues. All I can tell you is I am very confident that the Boatwright and Huddleston patent application should issue in due course and be considerably broader in claims and force than the Perez patent which is very narrow and gave up a lot during prosecution. The Patent Office refused the Perez application and then his attorney severely limited the claims which should come back to bite him. We are on much stronger ground, priority wise, and substance wise. I can forward the documentation in due course. - Jeff Greger

Please confirm safe receipt of this email.

Jeffrey H. Greger, Esq. - jhgreger@ipfirm.com

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INSTA BIND

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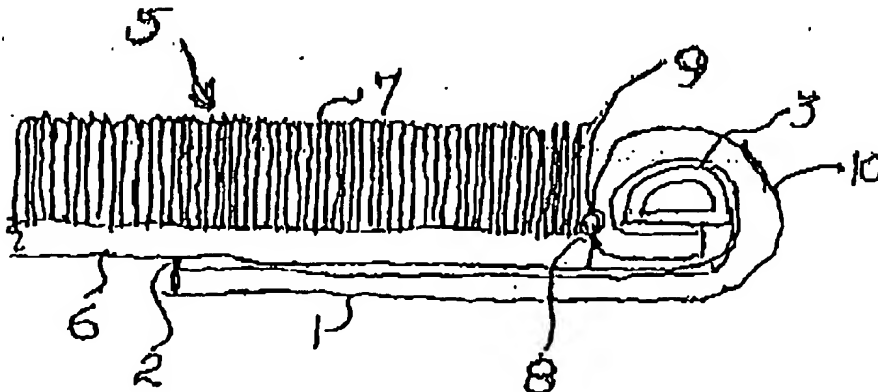
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For two-letter codes and other abbreviations, refer to the "Guidance Notes on Codes and Abbreviations" appearing at the beginning of each regular issue of the PCT Gazette.

(54) TITLE: STITCHLESS ON-SITE BINDING METHOD AND MANUFACTURE



(57) Abstract: A binding for a cut carpet edge comprises a binding fabric (1) covered with a double-sided adhesive layer (2) and welding material (3) enclosed in a pocket formed by bending about half the width of the binding fabric (1) with the adhesive layer (2) around the welding material (3) and adhering it to itself.